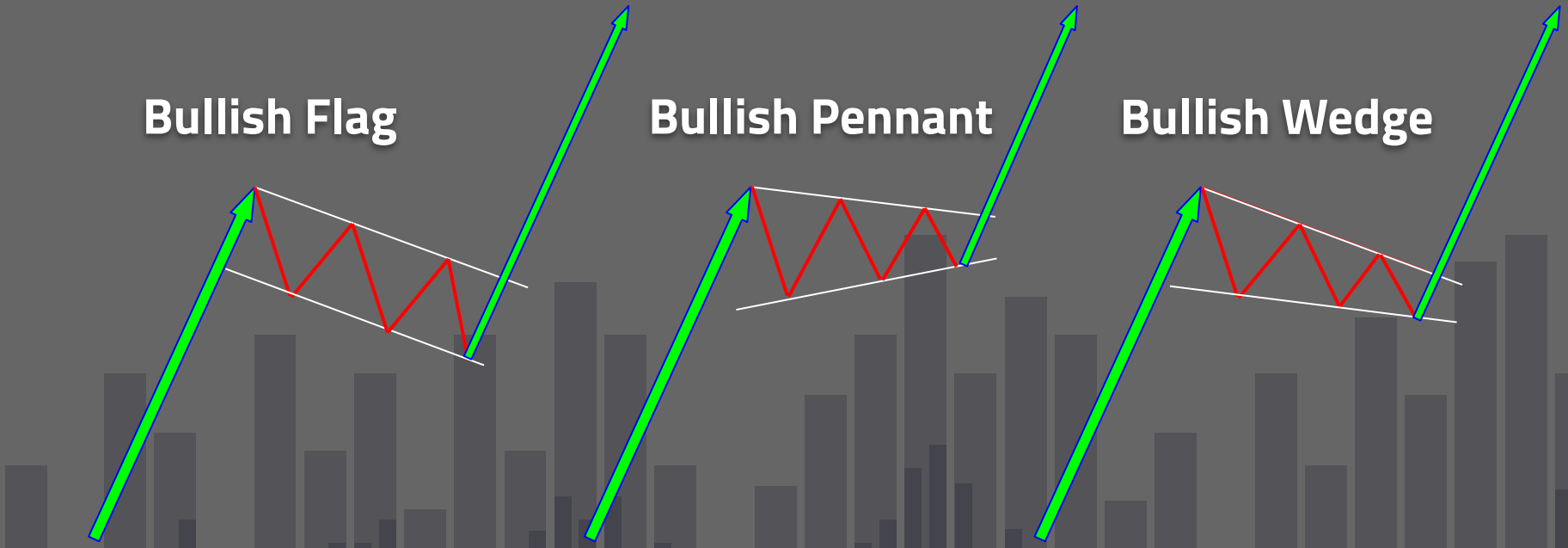
IIVI, Daily
July 8, 2020

IIVI, Daily
Aug 5, 2020

Start Date	Start Price	Change since start (%)
7/8/2020	43.16	17.68%

Corrective Patterns



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Corrective Patterns

Bullish Flag

- Short-term countertrend move that is composed of several swings bouncing in between two **parallel declining** trendlines
- The longer price stays inside the flag the more discouraged traders get. Trading activity starts to dry out.
- Bullish flag is a continuation pattern. That means that after its completion price resumes move in the same direction before that temporary interruption

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Corrective Patterns

- Short-term countertrend move that is composed of several swings bouncing in between two **contracting** trendlines. The upper trendline is sloped down. The lower trendline is sloped up.
- The longer price stays inside the flag the more discouraged traders get. Trading activity starts to dry out.
- Bullish Pennant is a continuation pattern. That means that after its completion price resumes move in the same direction before that temporary interruption

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Corrective Patterns

- Short-term countertrend move that is composed of several swings bouncing in between two **contracting** trendlines. **Both trendlines, the upper one and the lower one are sloped downward**.
- The longer price stays inside the flag the more discouraged traders get. Trading activity starts to dry out.
- Bullish Wedge is a continuation pattern. That means that after its completion price resumes move in the same direction before that temporary interruption

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Takeaways

- Millions of traders make decisions based on widely recognizable patterns. The most common corrective pattern well known by that community are Wedges, Flags and Pennants.
- Those corrective patterns are normally resolved with another move up in stock prices. That happens not because those patterns have any magic power. It's a good example of ***self fulfilled prophecy***, which is a common expectation shared by millions of traders that such pattern would lead to another move up. That common expectation ultimately affects behavior of traders. They start buying that stock. As a result, their own expectations became a good reason to go long. And that increase in demand leads those expectations to become a reality.